A STRATEGIC FRAMEWORK FOR SUPPORTING POLITICAL REFORM
IN THE ARAB NEAR EAST REGION

A.   Dynamics of Political Reform in the Arab Region[1]

In the context of a worldwide movement toward democratic political systems, the Arab states appear to lag behind. Most Arab nations have parliaments and European-style legal and judicial systems. These institutions "do not function properly," however, in that they place few if any constraints on the arbitrary exercise of power by leadership. But if Arab states are viewed through the broader lens of political economy analysis-which includes social and economic as well as political factors-many are already involved in momentous political transformations. These changes constitute a "gradualist" path toward modern democratic capitalism, or market democracy, and they stand in sharp contrast to recent models of rapid democratization elsewhere (those that follow economic progress as in the NICs of East Asia, and those preceding or accompanying economic reform, as in the ex-Soviet Block states and Latin America). Where rapid democratization has been tried in the Near East, as in Algeria and Yemen, the results have proved unsustainable.

What makes the Near East region different? Why have incumbent leaders successfully resisted rapid democratization? And why would well-entrenched leaders across the region now be willing to broaden the political process at least to a degree?

Internal and interstate politics in the Arab Near East are among the most complex in the world; yet we note three factors in the political calculus shared by most Arab countries:

- **Political elites are well-entrenched.** While elections have been more frequent in recent years, these have been largely irrelevant to real political power. There is not one Arab country in the region in which authoritarian leadership is close to negotiating its own exodus through elections, as occurred in East Asia, the ex-Soviet Block, Latin America, and parts of Africa. One reason for this longevity is that economic resources tend to be controlled by government, which ties the economic interests of key social groups to those of leadership and denies potential opposition the resources needed for independent political action. Even more important, the longevity of the leadership in the region depends on tight constraints on civil society and repressive internal security systems that are willingly used. Human rights abuses are common, in effect, greatly increasing the individual cost of political activism. It is essential to recognize that in order to prevail, Arab states have not hesitated to respond to popular demands for political reform with all necessary means of repression.

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[1]The Arab Near East region is defined to include all countries generally considered part of the Arab world with the exception of Mauritania.

- **Many states face political crises over economic reform.** In republics and monarchies alike, state ownership, governmental control, and economic subsidies were facilitated by the oil boom that began in 1974. In most of the republics, the legitimacy of the regimes became closely bound up in their ability to guarantee a certain standard of living for a growing urban middle class. By the late 1980s, however, most countries were compelled to move forward on economic reform as a result of declining oil revenues, tighter lending conditionality by IFIs, and the end of Gulf-supplied grants after the Persian Gulf War. Most have proceeded slowly and cautiously, however, to avoid violent public resistance to the painful economic consequences of reform.[2] Two reforms in particular face stiff popular resistance: reduction of price subsidies and public sector privatization (with attendant loss of jobs and dismantling of longstanding pension plans). Only the oil-rich Gulf states avoided the problem, and only Tunisia and Morocco have been able to leap forward with early reforms. (Despite rapid growth, even Tunisia has had to go slow on privatization.)

- **Radical political Islamists pose a potential security threat to existing leadership.** Unlike most of the non-Islamic world, where secular democracy constituted the main political and ideological challenge to authoritarian leaders, the main challenge in the Arab world is from political Islam. While many secular Arab governments have overreacted to moderate elements of these movements, the more extreme Islamist groups pose a growing internal security threat in many countries. The costs of failing to contain such threats is potentially disastrous as the near ruin of Egypt's tourist industry shows. Severe repression as a response to political Islam has major costs; thus Arab leaders must seek increasing support from the middle class to contain and isolate extremists. Only the monarchies, whose legitimacy is based in part on the Islamic credentials of their kings, have largely avoided the security challenge of radical Islamist movements.

These three factors combined have produced a gradualist path to political reform now apparent in the Arab Near East. To varying degrees, and with greater or lesser urgency and success, Arab governments are seeking through "national dialogues" to broaden public support for painful economic reforms or for the containment of extremist movements. The need for sustainable public consensus is the critical factor on the regime side. Where the opposition has any leverage, it is responding to such openings by trying to bring issues of political reform to the table. National dialogues have nothing to do with leadership's negotiating its own exodus, but instead represent a controlled exchange between leadership and opposition over the

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[2]With most interest groups (labor, business, farmers, etc.) and political parties controlled by the government, regimes have had no one with whom to negotiate seriously on economic reform. The result has been a kind of "street negotiation" in which reform steps are taken piecemeal, with a pause to see what the popular reaction will be. If widespread riots ensue, the regime backs off and after a time tries a different step. This process is both slow and inherently conservative.

reforms needed to ensure the longevity of that leadership. Arab countries have achieved greater or lesser agreement on political reform through these dialogues.

B.   Strategies for Assistance in Political Reform

The analysis above can help to define both the opportunities for and limitations on potential USG assistance to political reform in the Arab region. They also point toward a country-specific strategy, whose central themes are as follows:

- Sustainable political reform is likely to follow a gradualist path rather than rapid democratization as has occurred elsewhere.

- Successful institution building (including the conduct of open and fair elections) follows rather than precedes progress on reform on the part of political elites.

- Last, if leadership does not demonstrate the political will for reform, donor investment in institution building will have marginal impact. At best it "prepositions" a country for future change, and at worst it legitimizes authoritarian arrangements by giving the appearance of change.

To identify possible areas for USG assistance, it is critical to determine how far countries have gone in establishing consensus on democratic political arrangements. Two critical dimensions are useful in this regard:
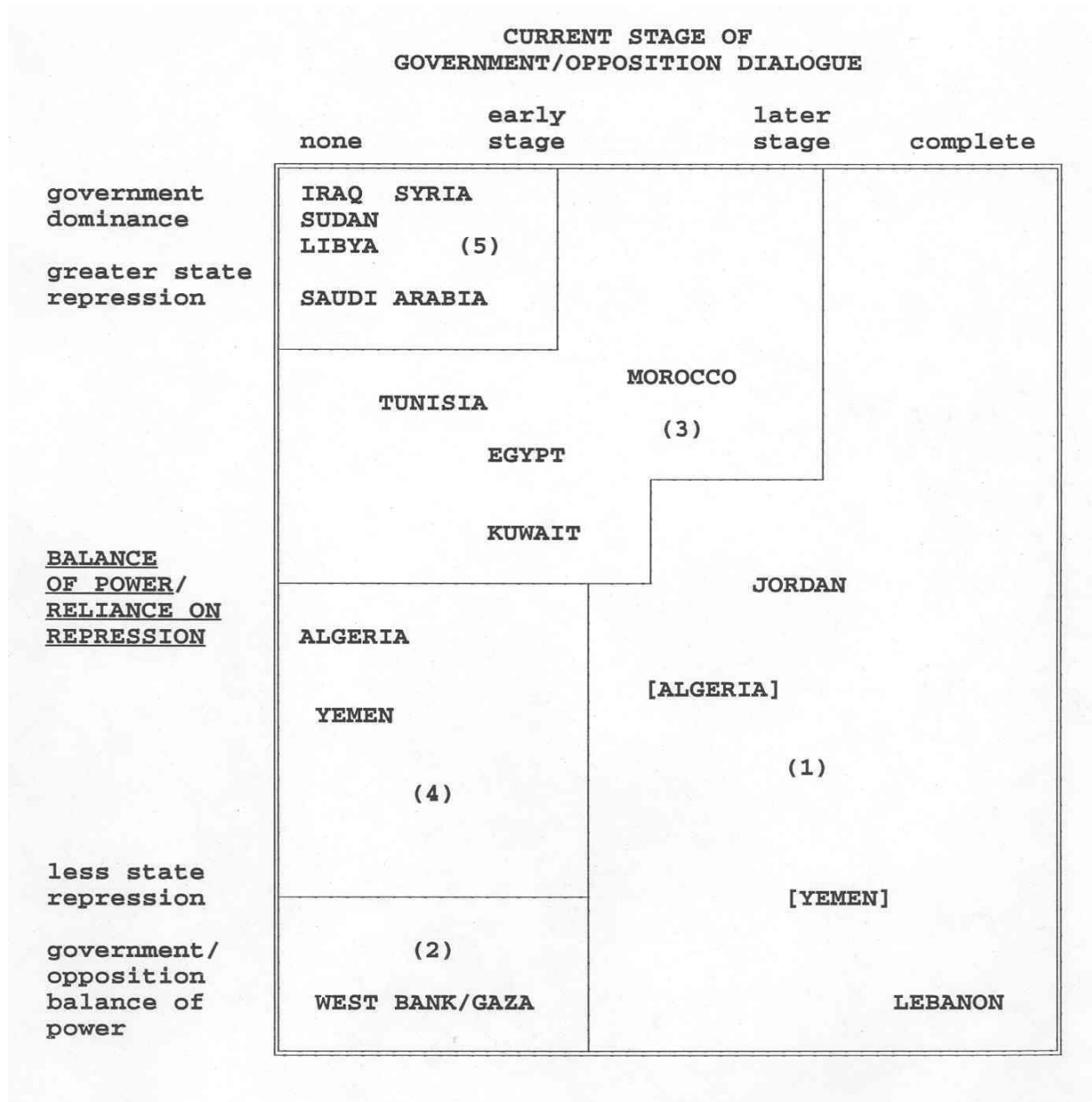
- **Relative political/economic power of the regime and opposition groups**, where the continuum runs from a monopoly of power on the side of the regime (e.g., Iraq, which depends on severe repression to maintain itself) to a balance of power between regime and opposition (e.g., Lebanon, where the regime must negotiate everything).

- **Progress in regime-opposition negotiations, ultimately leading to formalized political arrangements under reform constitutions**, where the continuum runs from no negotiation (e.g., Algeria) to nearly completed arrangements (e.g., Jordan and Lebanon).

Figure 1 on page 4 shows where most Arab countries fall along these two dimensions. The figure suggests that strategies to support political (as well as economic and social) reform may be differentiated according to where a country falls along these dimensions. As presented in the figure, Arab countries fall into five clusters.[3]

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[3]The view presented here is that the central variables in the political reform process are the *[Ed. political? economic?]* interests of key actors (leadership, allies, and potential opposition) and their political maneuvering based on these interests. Throughout most of the Near East, institutions, policies, and legal and regulatory factors remain dependent variables, shaped by the regime to serve its interests. Consequently, assistance for improving democratic institutions, strengthening civil society, or reducing human rights abuses are unlikely to have major impact except where they have the backing of a coalition of powerful interests, including the political leadership. Political will in the Near East will usually follow internal, national dialogue, driven and shaped by the three factors noted above or by international pressure on leadership for reform.

Figure 1

Sub-strategy Clustering of Arab Countries

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                    CURRENT STAGE OF
               GOVERNMENT/OPPOSITION DIALOGUE

                      early           later
             none     stage          stage      complete

government   IRAQ   SYRIA
dominance    SUDAN
             LIBYA        (5)
greater state
repression   SAUDI ARABIA
                                      MOROCCO

                     TUNISIA           (3)

                          EGYPT

                        KUWAIT

BALANCE                                 JORDAN
OF POWER/
RELIANCE ON
REPRESSION   ALGERIA
                                      [ALGERIA]
               YEMEN
                                         (1)
                  (4)

less state
repression                            [YEMEN]

government/          (2)
opposition
balance of   WEST BANK/GAZA                    LEBANON
power
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We note that the smaller Gulf states of Qatar, Bahrain, Oman, and the U.A.E. are not included in Figure 1 or in the discussion of strategies below. These states have very small populations and tremendous oil wealth, which combine to sustain a tradition of personal rule that accommodates dissent and participatory decision making primarily through face-to-face, family-based mechanisms. Such mechanisms and protection do not, of course, extend to non-Gulf Arab migrant workers who suffer from lack of human rights guarantees. Saudi Arabia followed the tradition of personal rule in the past, but has grown in size and complexity to the point where more bureaucratic structures are required for effective governance. (Saudi population is now 12 million.) Kuwait's ruling family has long contested for power with influential merchants so its political system has been more complex and intermittently participatory.

B1. Group 1: Lebanon, Jordan, Yemen, and (pre-coup) Algeria

In Lebanon, Jordan, and Yemen (between 1990 and 1994), national dialogue has neared completion between the regime and contending groups. A significant degree of consensus and new, formalized arrangements have been achieved. In Lebanon, the Ta'if Agreement formalizes a new set of political arrangements ending the civil war. In Jordan, the king has slowly and masterfully broadened the array of interests that are consulted in decision making, including the Muslim Brotherhood. Martial law was rescinded in 1991. The regimes of traditional North Yemen and socialist South Yemen were united in 1989 following protracted negotiations and the establishment of a new constitution ending several years of war. In Algeria, a more open political arrangement was formalized in law but never really negotiated by the regime in response to popular pressures. In all cases in Group 1, relatively free and fair elections (local elections only in the case of Algeria) served to legitimize the new arrangements and provide at least some degree of popular, representational government.

The main task in Group 1 countries is to build representative democratic and legal institutions to make the new political arrangements work. *This is the stage at which USG assistance in democratic institution building can be most effective, precisely because powerful interests in these countries are actively seeking it.* Assuming, then, that the host government is seeking assistance, key institutions that may require attention include parliament, municipal councils, electoral commissions, the press, possibly parties on a non-partisan basis, and various advocacy-oriented nongovernmental organizations. USG assistance for elections should be offered but not pressed (e.g., in recent elections, Yemen accepted USG assistance while Jordan did not).

In Group 1 countries, some restrictions on freedom of association and the press remain, as well as lingering problems with human rights violations by security elements. In part these reflect the degree of control retained by the government. Nevertheless, both policy dialogue and technical assistance should be tested and may be positively received in these areas. The most advanced step in Group 1 countries would be USG support for institutions that can increase political participation, defend human rights, reduce official corruption, and in other ways circumscribe arbitrary executive power.

Current USAID Program, Group 1:

Lebanon
- Strengthening parliamentary capacity.
- Strengthening bureaucratic disciplinary and civil service staffing agencies.
- Strengthening labor unions.

Jordan
- Equipment for parliament.
- Limited parliamentary exchanges.[4]
- Strengthening women's organizations and labor unions.
- (Planned) assessment of judicial/legal needs.

Yemen
- Strengthening parliamentary capacity including information systems, training, exchanges, and voting equipment.
- Assessment of legal/judicial system needs; judicial and human rights exchanges.
- Strengthening women's organizations.
- Major electoral support concentrating on the electoral commission, poll watching, and voter education.

B2. Group 2: West Bank/Gaza

Following the September Declaration of Principles between the PLO and Israel, West Bank/Gaza is similar to Group l, but stands as a special case in the Arab region. West Bank/Gaza has an immediate and simultaneous need for assistance involving political will on the one hand, and institution building on the other.

West Bank/Gaza is the only case in the Arab Near East region where a political entity with entirely new institutions is emerging. It is the only case where the leadership (the PLO) lacks a powerful internal security force that can guarantee its dominance over potential opposition.[5] For this reason, West Bank/Gaza, like Lebanon, is clearly a case where there is a more even balance of power between leadership and opposition. At the same time, while the potential exists for rapid progress toward relatively democratic political arrangements founded on the rule of law, neither negotiations nor formalization under a reform constitution has yet occurred. Negotiations between Israel and the PLO are central to further progress, but these negotiations need to be paralleled by internal dialogue to establish consensus among competing Palestinian groups on the rules of the political game. In fact, as the establishment of a new administration in the territories has moved forward, the style of the PLO/Fateh leadership has been distinctly authoritarian, limiting the participation of other Palestinian groups in decision making.

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[4]GOJ rejected major parliamentary capacity building assistance in 1992.

[5] The Lebanese government does not have its own powerful internal security but can depend on Syria.

A USG support strategy for liberalization in West Bank/Gaza must concentrate on encouraging public policy dialogue within the Palestinian community on substantial policy issues, as well as on the formation of key political and legal institutions. At the same time, because democratic, legal, and public administration institutions are emerging simultaneously, West Bank/Gaza offers a rare opportunity to press forward with key institution-building efforts from the outset. In other words, backing the efforts of interests seeking to establish nascent democratic institutions may actually create conditions that enhance political will on the part of leadership.

Current USAID Program, Group 2

West Bank/Gaza[6]
- Electoral assistance.
- Support for establishing legal/judicial development priorities.
- Support for women's organizations.
- Support for public debate on   policy and implementation in the main sectors of USAID assistance.

B3. Group 3: Morocco, Tunisia, Egypt, Kuwait

In Group 3 countries, there has been progress on some form of national dialogue to establish the political will for reform, but it has been limited. In Morocco, dialogue between leadership and the opposition has been an extended, on-again-off-again process under relatively tight palace control. In Tunisia, to the extent that dialogue exists at all, the process has remained entirely under GOT control.[7] Recent elections in Morocco (1993) and Tunisia (1994) led to a controlled expansion of opposition presence in parliament, but parliaments remain relatively powerless in both these countries.

Egypt carried over in form many of the institutions of democracy from the pre-Nasser past, including a partially independent judiciary. But tight party/bureaucracy control and increasing internal repression have provided little space or incentive for dialogue with the opposition until recently. Kuwait has been most striking in the degree to which a fruitful national dialogue has occurred, even to the extent of twice establishing parliaments. Nevertheless, the palace has reneged time and again on its agreements, both before and after the Gulf War.

All Group 3 countries have politically weak and disorganized oppositions, although they have large middle classes with the resources and management skills to support numerous

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[6] Interim program only at present.

[7]Through the 1989 and 1993 Tunisia Pact, the GOT succeeded in gaining the cooperation of business and labor to move forward on key economic reforms, but the process was thoroughly controlled by the GOT and nothing beyond economic issues was discussed.

and substantial non-government organizations and parties. The main constraints to development of a stronger opposition that could negotiate with government are tight associational laws that restrict the ability of NGOs and political parties to organize, fund themselves, and take independent action. The continuing threat of legal rights and security violations also raises the personal cost of participation in opposition activities.

Economic factors create an important distinction within Group 3, isolating Egypt as a special case. Morocco and Tunisia are undergoing rapid economic growth based on open markets and an export orientation. Kuwait, despite current financial difficulties due to the international debt and losses from the Gulf War, has substantial oil and gas resources. The ability of these states to improve the lives of the middle class has reduced the near-term incentive for leadership to move rapidly on political reform. Egypt, on the other hand, faces a growing economic crisis combined with a serious threat from radical Islamists who are wreaking havoc on the economically crucial tourist industry. This state of affairs has driven the Egyptian leadership to firm up its public support base through a formal National Dialogue between the GOE/NDP and the main opposition parties. How substantial that dialogue will be remains to be seen-it has been recently delayed over GOE opposition to Muslim Brotherhood representation as a distinct party.[8]

Prospects for progress in Group 3 countries should be viewed realistically. Strategies for Group 3 countries should concentrate on encouraging the movement toward national consensus and more open political arrangements. This strategy requires strengthening the moderate elements of civil society-independent NGOS, business associations, labor unions-that are capable of representing the interests of their constituencies. USG efforts should be focused on a combination of opposition to human rights abuse, policy dialogue on loosening restrictions on non-radical associations, and strengthening the capacity of selected, broadly representative non-partisan advocacy groups, such as labor, business, and women's groups, eventually to channel the interests of their constituencies into government-opposition dialogue.[9]

Despite the willingness of some Group 3 governments to accept tightly circumscribed assistance to parliamentary and legal institutions, major progress should not be expected, and investments of scarce assistance resources should therefore be limited. It is also possible, however, that some investment in democratic institution building can serve to "preposition" Group 3 countries for anticipated future progress on new political agreements. Experience has

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[8] Morocco and Tunisia are particularly dependent on European markets to sustain economic growth and may be sensitive to European pressure for regime-initiated democratic reforms. This process might open up otherwise unforeseeable opportunities to assist in political institution building in these countries.

[9] USG assistance for strengthening political parties would be useful at this stage, given regime opposition and therefore political sensitivity would be out of the question for most Group 3 countries. Independent U.S. NGOs would probably face the same constraints.

shown, for example, that while current progress may be slow, the best time to develop parliamentary information and logistical support capacity is in the quiet years just before a legislature takes on major governance responsibilities. After the transition, parliamentarians and staff are too busy to concentrate on institution building.

Current USAID Program, Group 3:

Egypt
- Improving parliamentary capacity, focusing on information systems and staff training.
- Legal rights/judicial training.
- Improving legal/judicial information systems.
- Strengthening labor unions.

Tunisia
- Limited parliamentary exchanges.
- Municipal governance emphasizing linkages between local NGOs and private sector organizations and municipal councils.
- Strengthening women's organizations, business organizations, and labor unions.

Morocco
- Limited judicial exchanges.
- Strengthening labor unions and women's organizations.
- Plans for limited work on parliamentary capacity.
- International observation of Moroccan elections.

B4. Group 4: Algeria (post-coup) and Yemen (current)

Until recently, Algeria and Yemen belonged to Group 1. They are now best defined as a separate group, to be approached with a distinct strategy.

Before recent setbacks, Algeria and Yemen had both made significant progress toward formalizing new political rules under more participatory systems. Algeria was the most socialist of the Arab states in terms of state ownership and control. Despite continuing high revenues from national gas, this legacy burdened the country with major economic problems as well as a population with unrealistic expectations concerning government's continuing ability to maintain public subsidies. Following social disorders reflecting discontent with declining standards of living in 1988, the regime promulgated a new set of political arrangements between the GOA and opposition groups. These arrangements took place without a national dialogue and despite opposition from the military. The Islamist opposition swept the 1991 municipal elections. Fearing a similar sweep of national elections to follow, the military seized control and outlawed the Islamist FIS. An increasingly violent Islamist insurgency has followed. Neither Islamist insurgents nor the military has prevailed.

Progress on national dialogue in Yemen was essentially a negotiated unification of the bureaucracies of the traditional North and Marxist South Yemen. Because negotiations took

place before the collapse of the USSR, the agreements treated North and South as roughly equal partners, despite the fact that the North was much stronger in population and in economic terms. An important additional and longstanding conflict between the military/bureaucratic government of the North and its tribal hinterlands confused the picture and was not a part of the negotiations linking the bureaucracies of North and South.

A third dimension is the newly emergent Islamist movement based primarily in the outlying areas of the North. Relatively free and fair elections in 1993 legitimized new political arrangements that were, in effect, not fully worked out and certainly did not represent the underlying balance of power among various groups. The elections, by adding a third group (tribal Islamists) to the mix-a group bitterly opposed to the Southern socialists- laid bare the real imbalance between North and South. This situation has encouraged the North to seek systematically to reduce the role of its Southern partners. The conflict has now developed into open warfare between Northern and southern militaries.

The collapse of national democratic political arrangements in both Algeria and Yemen is sobering, and provides important lessons for overall Near East strategy, as outlined in this document. In effect, the bitter failure of reforms in these countries reflects flaws in the initial national agreements. In Algeria, the critical flaw was the lack of dialogue between key interest groups, and particularly the exclusion of a critical actor (the military), which was capable of negating the results of reform. In Yemen, the critical flaw was the failure to include key players in the negotiated unification process, and the overweighing of the South as an equal player as a result of Soviet backing, which latter disappeared. In both countries, elections provided the spark that unraveled the agreements. Both Algeria and Yemen underscore the importance, at least in the Near East, of viewing elections in the larger context of progress on basic political consensus among contending groups. Elections in this particular context can legitimate or unravel consensus, but do not in themselves create consensus. Where the results of elections are likely to upset an otherwise workable negotiated power-sharing arrangement, they can be highly destabilizing and counterproductive with regard to progress on long-term political liberalization and socio-economic reform.

Recommended strategy for Group 4 countries is to facilitate an end to open conflict and reestablish dialogue among moderate elements, based on a realistic assessment of the existing balance of power.[10] Particularly in Algeria, formalizing a democratic ideal through national elections is far less important than forging consensus on key social and economic reforms among the main contending groups.

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[10] Moderate in this context means those "willing to negotiate and stick to what is negotiated"

Current USAID Program, Group 4:

Yemen ■ The change in conditions has been too recent to be reflected in democracy and governance programming.

Algeria ■ No USAID mission.

B5. Group 5: Iraq, Libya, Syria, Sudan, Saudi Arabia

Group 5 countries lie together at the extreme upper left corner of Figure 1. Following the basic themes of this paper, the first step toward political reform must involve a dialogue between the leadership of these countries and potential opposition groups. This step has not occurred in Group 5 countries, and severe repression of opposition groups reduces or removes the possibility of such negotiation. Sudan poses a particularly thorny problem, given the alliance between military and radical Islamists who, in conjunction with Iran, support destabilizing Islamist insurgencies in other countries of the region.

In the near term, the prospects are clearly minimal for helping Group 5 countries move toward political reform. To the extent possible, USG strategy in these countries should concentrate first and foremost on reducing the costs to individuals and communities of forming independent associations, which could eventually be in a position to enter into broader negotiations with leadership. This objective is best accomplished through international pressure to reduce human rights abuses and loosen restrictive associational regulations.

C. Summary

Group 1 **In Lebanon and Jordan**, full USG investment in institutional reform in partnership with governments and civil society, with specific assistance to:

- ■ Strengthen legislative institutions.
- ■ Assist in elections where requested.
- ■ Strengthen legal/judicial institutions.
- ■ Strengthen capacity of selected advocacy NGOs.
- ■ (Advanced cases) assist anti-corruption institutions.

Group 2 **In West Bank/Gaza**, support the establishment of democratic governance as administrative institutions take shape, and concurrently, support a public policy process that engages diverse factions on key institutional and policy issues, with specific assistance to:

- ■ Assist in the conduct of free and fair elections.
- ■ Support responsible civil society and NGOs involved in identifying and examining policy options.
- ■ Support territory-wide and municipal councils.

- Develop legal/judicial institutions.
- Support human rights organizations to ensure adherence to human rights standards as police functions become established.
- Encourage and support public debate on key policy issues in all sectors receiving USG assistance.

Group 3   **In Morocco, Tunisia, Egypt, and Kuwait**, encourage the movement toward dialogue by strengthening responsible opposition, with assistance to:

- Apply international pressure to reduce human rights abuses.
- Encourage policy dialogue to reduce security and regulatory constraints on non-radical associations.
- Strengthen key non-partisan advocacy groups to improve their capacity for eventual negotiation with leadership--especially business, labor, and women's groups.
- Limited work on parliamentary and/or legal institutions (prepositioning for transition, with minimal short-term expectations).

Group 4   **In Yemen and Algeria**, support a return to national dialogue between contending groups to establish a new political consensus, with assistance to:

- Encourage diplomatic efforts to support national dialogue and to provide and/or strengthen informal and formal fora for negotiations.

Group 5   **In Iraq, Syria, Libya, Sudan, and Saudi Arabia**, improve conditions for first-stage negotiation between government leadership and potential opposition groups, with assistance to:

- Target human rights violations.